

Academic Articles & Reports Round Up: July 2015

In July, insurance mergers were all the rage. Anthem-Cigna, Aetna-Humana, the Big 5 becoming the Big 3, you've heard all about it. The DOJ and House Judiciary Committee have plans to look into the impact of these potential mergers on health insurance markets, and The Source will be there to keep you posted. In the meantime, check out the following articles and reports that came out in July.

If you can't get enough of the health insurance merger discussion, we've got a few things to whet your appetite. Thomas "Tim" Greaney, renowned health law and antitrust expert and a member of the Source's Advisory Board, has a great blog post in Health Affairs, [Examining the Implications of Health Insurance Mergers](#), in which he explores the various ways the DOJ's antitrust division might consider the implications of the proposed mergers, as well as policy arguments for increased antitrust oversight and enforcement for health insurers. The American Medical Association also just put out its report: [Competition in Health Insurance: A Comprehensive Study of U.S. Markets, 2014 update](#), which provides insurance market concentration estimates throughout the United States. The report found that 72% of the 388 metropolitan areas in the US are highly concentrated ($HHI > 2,500$), with 41% having at least one insurer having at least 50% of the market. Further consolidation by Anthem and Aetna could increase these numbers substantially.

Increasing concentration can lead to increasing costs. In the July issue of Health Affairs, Sean Keehan and colleagues released the annual [National Health Expenditure Projection 2014-2024: Spending Growth Faster than Recent Trends](#), predicting that health care spending will increase 5.8% per year between 2014-2024. The authors attribute this increase in

growth rate to the ACA's coverage expansions, economic improvements, and an aging population. They also estimate that health care expenditures will increase from 17.4% to 19.6% of GDP during the same decade. In his article, [From the Affordable Care Act to Affordable Care](#), in the July 28th issue of JAMA, David Cutler argued that health care reform must now begin to address two issues that the ACA "pursued less vigorously" – controlling the growth of health care costs and improving the practice environment for physicians. Cutler argues that the "single most important issue in health care is eliminating unnecessary medical spending." He suggests shifting away from volume based to value based payments and encouraging insurance companies to require more out of pocket costs. The article explores some of the potentials benefits and challenges of doing so.

For those of you interested in what states can do to improve our health care system, check out Ann Hwang, Joshua Sharfstein, and Christopher Koller's [State Leadership in Health Care Transformation: Red and Blue](#), which explores major changes and innovative experiments in health policy being done at the state level. The article explores various roles that states can play in health care – purchaser, regulator, provider, data collector, grantee, and conveners – as well as the benefits and challenges of state health policy experimentation. Also take a look at Cristina Cousart, Trish Riley, and Tess Shiras' issue brief for the National Academy for State Health Policy, [The State-based Marketplaces: Focus on Innovation, Flexibility, and Coverage](#), which explores the benefits and challenges of state-based marketplaces (state exchanges), as compared to participation in the federally-facilitated marketplace (federal exchange). The brief highlights some of the underreported achievements of state-based marketplaces, including that states with state-based marketplaces have experienced greater reductions in the number of uninsured and spending on uncompensated care.

Finally, a bit on ACOs for integration enthusiasts. In case you missed the [June Roundup](#), The [Journal of Health Policy, Politics and Law's](#) August issue (published ahead of print for the very eager) focuses on ACOs, and it hosts a series of excellent articles from some of nation's leading experts on healthcare costs and competition. We highlighted this issue and linked to some articles in the June Roundup, but wanted to promote it again since it won't come out in print until August! Also on ACOs, Andrew Ryan, Stephen Shortell, Patricia Ramsay, and Lawrence Casalino published [Salary and Quality Compensation for Physician Practices Participating in Accountable Care Organizations](#) in the June/July issue of the Annals of Family Medicine. The article compares physician compensation structures for primary care physicians that participate in ACOs, those that do not participate in ACOs, but have substantial financial risk sharing, and those that do not participate in ACOs and do not have substantial financial risk sharing. Interestingly, the authors found that compensation for physicians in ACOs more closely resembled compensation for physicians that bore no financial risk than it did for physicians with substantial risk sharing. Quality incentives represented a bigger percentage of ACO physician compensation (3.4%) than non-ACO physicians. The authors speculate that their results could mean that ACOs have established an appropriate mix of salary, productivity and quality factors for compensation, or it could mean that ACO incentives are insufficient to significantly change physician compensation structure.

That's it for July! Have a great rest of your summer!